

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

AGREEMENT FOR PAYMENT OF REAL PROPERTY TAXES BY SPONSOR

THIS AGREEMENT, made this _____ day of _____, 19____, by and between _____, hereinafter referred to as "Sponsor", and _____, hereinafter referred to as "Mortgagor", and _____, hereinafter referred to as "Mortgagee" (which designations shall include the respective successors and assigns and successors in interest of the parties hereto),

WITNESSETH:

WHEREAS, the Mortgagee desires to lend to the Mortgagor, a corporation formed for the purpose of constructing and operating a facility known as _____ and identified as Project No. _____ and hereinafter referred to as "Project", the sum of \$ _____, to be evidenced by a note in said amount and secured by a mortgage dated _____; and

WHEREAS, the said note is to be endorsed for mortgage insurance pursuant to Section _____ of the National Housing Act by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner, hereinafter referred to as "FHA"; and

WHEREAS, the Mortgagor and/or Sponsor claims that the Project has received or will receive abatement or exemption from real estate taxes; and

WHEREAS, the Mortgagee is unwilling to lend the aforesaid mortgage amount to the Mortgagor and the FHA is unwilling to insure the mortgage unless the parties execute this agreement assuring the payment of taxes in the event the Project does not obtain or loses its abatement or exemption from real estate taxes in the future.

NOW THEREFORE, in order to induce the Federal Housing Commissioner to endorse the above described note for mortgage insurance, the parties agree as follows:

1. In the event the Project does not obtain or loses its abatement or exemption from real estate taxes in the future:
 - a) Sponsor shall, upon the demand of the Mortgagee or the FHA, pay real estate taxes as they become due.
 - b) Mortgagor shall not pay real estate taxes without the prior written approval of the FHA.
 - c) Sponsor shall reimburse the Mortgagor with an amount equal to the amount of any payment by the Mortgagor for payment of real estate taxes made in violation of this agreement.
2. If the Sponsor fails to pay real estate taxes as they become due, then, upon demand of the Mortgagee or the FHA, Sponsor shall pay to the Mortgagee the lump sum of \$ _____ to be used in the manner specified in paragraph 4 hereof. (The amount of the lump sum payment shall be determined by the Director and shall be sufficient to reduce the mortgage to an amount which would permit the mortgage to be carried by the Mortgagor on a tax paying basis.)
3. If the Sponsor fails to perform in accordance with paragraphs 1 and 2 hereof, and the Mortgagee assigns the mortgage to FHA or acquires title to the Project and delivers title to the FHA, all in accordance with applicable FHA regulations, this agreement shall be assigned by the Mortgagee to the FHA, and the FHA, as the holder of the defaulted mortgage or as the owner of the Project, as the case may be, shall have the right to make demand upon the Sponsor for performance hereunder and to pursue to judgment and collection any failure to honor such demand. Such right of the FHA shall survive any actions, including foreclosure, which may have been taken by the Mortgagee, its successors and assigns, or by the FHA.
4. If the Mortgagee is paid the lump sum specified in paragraph 2 hereof prior to the assignment of the mortgage to FHA or prior to the Mortgagee's acquisition of title to the Project, the Mortgagee shall use the sum received (a) to pay any real property taxes which are due and payable and (b) to apply the balance as a prepayment on the mortgage without penalty. The Mortgagee agrees that, upon prepayment, it will release the mortgage and the Sponsor's obligation hereunder shall be terminated.
5. The Sponsor reserves the right hereunder to pay at any time the lump sum specified in paragraph 2 hereof to the Mortgagee and thereby terminate all of its obligations under this agreement.
6. The Sponsor hereby grants to the Mortgagee full power, in its uncontrolled discretion and without notice, to deal in any manner with the mortgage and note secured thereby, including but not limited to the following:
 - a) To modify or otherwise change any terms of the note and mortgage, to grant any extension or renewal thereof and any other indulgence with respect thereto, and to effect any release, compromise or settlement with respect thereto; and
 - b) To enter into any agreement of forbearance with respect to the note and mortgage and to change the terms of any such agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this instrument.

ATTEST:

Secretary (SEAL)

(Sponsor)

By: _____
President

ATTEST:

Secretary (SEAL)

(Mortgagee)

By: _____
President

ATTEST:

Secretary (SEAL)

(Mortgagor)

By: _____
President

ATTORNEY'S OPINION

Date _____

Federal Housing Administration
Washington, D. C.

Re: _____
(Project Number)

(Project Name)

(Project Location)

Gentlemen:

I am the attorney for the Sponsor named in the foregoing Agreement. I have reviewed the Agreement, the corporate charter, by-laws, authorizing resolutions and other related documents of the Sponsor. Based on such review, it is my opinion that the Sponsor is a valid existing entity; that it has the authority to enter in the Agreement; that the Agreement has been legally executed by the persons authorized to execute the same; and that the Agreement is a legally binding instrument.

Attorney for Sponsor

Date _____

Federal Housing Administration
Washington, D. C.

Re: _____
(Project Number)

(Project Name)

(Project Location)

Gentlemen:

I am the attorney for the Mortgagee named in the foregoing Agreement. I have reviewed the Agreement, the corporate charter, by-laws, authorizing resolutions and related documents of the Mortgagee. Based on such review, it is my opinion that the Mortgagee is a valid, existing entity; that it has authority to enter into the Agreement; that the Agreement has been legally executed by the persons authorized to execute the same; and that the Agreement is a legally binding instrument.

Attorney for Mortgagee

Date _____

Federal Housing Administration
Washington, D. C.

Re: _____
(Project Number)

(Project Name)

(Project Location)

Gentlemen:

I am the attorney for the Mortgagor named in the foregoing Agreement. I have reviewed the Agreement, the corporate charter, by-laws, authorizing resolutions and related documents of the Mortgagor. Based on such review, it is my opinion that the Mortgagor is a valid, existing entity; that it has authority to enter into the Agreement; that the Agreement has been legally executed by the persons authorized to execute the same; and that the Agreement is a legally binding instrument.

Attorney for Mortgagor